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Before the
Federal Communications Commission
Washington, D.C. 20554

JAN 30 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Consumer Federation of America, International) RM No. 9210
Communications Association and National Retail)
Federation Petition Requesting Amendment of)
the Commission's Rules Regarding Access Charge)
Reform and Price Cap Performance Review for)
Local Exchange Carriers)

COMMENTS ON PETITION FOR RULEMAKING

Pursuant to the public notice released December 31, 1997¹, Southwestern Bell Telephone Company, Pacific Bell, and Nevada Bell (collectively, the SBC Companies) hereby comment on the Petition for Rulemaking filed by the Consumer Federation of America, International Communications Association, and the National Retail Federation (CFA Petition). In short, the CFA Petition requests that the Commission initiate a Rulemaking addressing the immediate prescription of interstate access rates to cost-based levels. The SBC Companies respectfully request that the Commission reject the Petition for Rulemaking as an untimely petition for reconsideration of the Access Charge Reform Order.²

The essence of the CFA Petition is that "meaningful levels of local telephone service competition" have not developed, and will not develop soon. Thus, the CFA believes that other action, namely the represcription of access charges based on

¹ Public Notice, Petitions for Rulemaking Filed, (Report No. 2246), released December 31, 1997.

² Access Charge Reform, CC Docket No. 96-262, First Report and Order, (FCC 97-158) (Rel. May 16, 1997) (Access Charge Reform Order.)

forward looking economic costs, is necessary.

The CFA Petition must be rejected. Nothing has occurred since the issuance of the Access Charge Reform Order to change the Commission's relevant conclusions on the use of a market-based strategy. Instead, the Commission should note the advance of competition and the success thus far of the market-based strategy. As noted in the attached letter from Mr. Edward E. Whitacre, Jr., SBC, to the Chairman of the Commission, the SBC Companies have spent over one billion dollars to comply with their obligations to open local telephone markets under Section 251 of the Telecommunications Act of 1996, and intend to spend more to continue to comply with the Act. The SBC Companies have entered into 270 interconnection agreements with over 100 carriers. Hundreds of thousands of lines have been lost to competition. As noted by the letter, these facts show that the SBC Companies' markets are irreversibly opened to competition, contrary to the allegations in the CFA Petition.

While the CFA may be dissatisfied with the pace of competition, there is no reason to believe that it does not fit into the assumptions made by the Access Charge Reform Order in May of 1997. As the CFA Petition notes, as a back stop, incumbent price cap LECs are to provide cost studies in February, 2001 if the market-based approach is not successful. There is no reason to believe, at this early date, that the Commission's action in the market-based approach will not be successful. This collateral attack on the Access Charge Reform Order should be rejected. The CFA's concerns have all been addressed in the context of the order and the Commission need not reconsider this issue at this late date.

II. CONCLUSION

For the foregoing reasons, the SBC Companies respectfully request that the CFA
Petition for Rulemaking be dismissed.

Respectfully submitted,

SOUTHWESTERN BELL TELEPHONE COMPANY
PACIFIC BELL
NEVADA BELL

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January 30, 1998



Chairman and
Chief Executive Officer

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January 2, 1998

Mr. William Kennard
Chairman
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Dear Chairman:

Today's press reports make clear your disagreement with Judge Kendall's New Year's Eve decision and your apparent belief that if the Judge's decision is permitted to stand, it will result in our company's failure to meet our Section 251 obligations to open our local networks to competition. As we recently discussed and as I reiterate here, SBC is fully committed to meeting our legal obligations and to opening our networks in full compliance with the letter and spirit of Section 251 of the Act. Our lawsuit in no way challenges our obligations under Section 251. Indeed, we have spent over \$1 billion specifically to comply with these obligations and will continue to do so regardless of the litigation.

While our critics contend that our markets are not open, the facts show otherwise. We have entered into over 270 interconnection agreements with over 100 carriers. In those agreements we have given those carriers what they say they need to enter and compete in our local markets. Moreover, competitors are entering our local markets and they are being increasingly successful everyday. For example, we have lost over 540,000 lines to local competitors and this pace increased to over 50,000 lines in December. In addition, SBC's operational support systems have processed over 1.2 million orders from local competitors for new or second lines and changes in services, and this pace has increased to over 100,000 orders per month. These facts are strong evidence that our markets are irreversibly open.

One other point I want to stress is that regardless of the outcome of the litigation, SBC is committed to satisfying your concerns regarding our

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compliance with Section 251 and the openness of our networks. We want the FCC to be supportive of our participation in the long distance market whether pursuant to Judge Kendall's opinion or a Section 271 application. To that end, I have directed SBC's legal, regulatory and operational staff to continue to work with the DOJ, the FCC and state PUCs to satisfy the staffs' concerns regarding these issues.

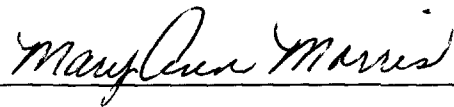
If you want to discuss any of the issues discussed above, please contact me or Zeke Robertson in Washington.

Sincerely,

A handwritten signature in black ink, appearing to be the letters 'Ed' in a cursive, stylized font.

Certificate of Service

I, Mary Ann Morris, hereby certify that the foregoing , "Comments of Southwestern Bell Telephone Company" in Docket RM No. 9210 has been filed this 30th day of January , 1998 to the Parties of Record.

A handwritten signature in cursive script, reading "Mary Ann Morris", is written over a horizontal line.

Mary Ann Morris

January 30, 1998

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